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AMENDMENT TO H.R. 1424, AS REPORTED
OFFERED BY MR. HINOJOSA OF TEXAS

[Amendment is to H1424NEW__009, as Posted on the Rules
Committee Website]

Page 59, line 24 through page 60, line 8, amend to
read as follows:

1 “(i)(I) The aggregate physician own-
2 ership percentage (as defined in subclause
3 (III)) in the hospital does not exceed 40
4 percent or, if greater, the percentage pro-
5 vided under subclause (II).
6 “(II) In the case of a hospital that
7 contains at least 300 beds and meets the
8 requirement under clause (ii) of paragraph
9 (6)(A) for the most recent cost reporting
10 period ending before the date of the enact-
11 ment of this subsection and for which the
12 aggregate physician ownership percentage
13 as of such date of enactment exceeds 40
14 percent, the percentage provided under this
15 subclause is the aggregate percentage as of
16 such date of enactment or, if lower, the
17 lowest aggregate physician ownership per-

1 centage in such hospital as of any date
2 after such date of enactment.

3 “(III) In this clause, the term ‘aggre-
4 gate physician ownership percentage’
5 means, with respect to a hospital and a
6 physician owner, the percent of the total
7 value of the investment interests held in
8 the hospital or in an entity whose assets
9 include the hospital that is owned, in the
10 aggregate, by physician owners.

11 “(ii)(I) The physician ownership per-
12 centage (as defined in subclause (III)) in
13 the hospital of any physician owner does
14 not exceed 2 percent or, if greater, the per-
15 centage provided under subclause (II).

16 “(II) In the case of a hospital that
17 contains at least 300 beds and meets the
18 requirement under clause (ii) of paragraph
19 (6)(A) for the most recent cost reporting
20 period ending before the date of the enact-
21 ment of this subsection and for which the
22 physician ownership percentage for a phy-
23 sician owner as of such date of enactment
24 exceeds 2 percent, the percentage provided
25 under this subclause is such percentage as

1 of such date of enactment or, if lower, the
2 lowest physician ownership percentage of
3 the physician owner in such hospital as of
4 any date after such date of enactment.

5 “(III) In this clause, the term ‘physi-
6 cian ownership percentage’ means, with re-
7 spect to a hospital and a physician owner,
8 the percent of the total value of the invest-
9 ment interests held in the hospital or in an
10 entity whose assets include the hospital
11 that is owned by the physician owner.

Page 60, line 17, insert before the period the fol-
lowing: “(except as provided for under an agreement in
existence as of the day before the date of the enactment
of this subsection)”.

Page 65, line 16, insert after “the main campus of
the applicable hospital” the following: “(disregarding any
roads or other thoroughfares)” after “on”.

Page 65, line 19, insert “that is described in para-
graph (6) or is a hospital” after “a hospital”.

Page 68, after line 2, insert the following:

12 “(6) HOSPITAL DESCRIBED.—
13 “(A) IN GENERAL.—Subject to subpara-
14 graph (B), a hospital described in this para-

graph is a hospital that, for the most recent preceding cost reporting period (as of the date of the application under subparagraph (A)), meets the following requirements:

“(i) The hospital contains at least 150 beds.

“(ii) Of the inpatient discharges of the hospital—

“(I) at least two-thirds of such discharges are classified (using the methodology under section 1886(d)(4)) into no more than two major diagnosis categories; or

“(II) at least two-thirds of such discharges are so classified into surgical diagnosis-related group classifications.

“(B) EXCEPTION.—A hospital is not described in this paragraph if the Secretary determines, after providing adequate notice and opportunity for comment to the hospital, that the aggregate number of physician referrals to the hospital for the furnishing of designated health services for which payment otherwise may be made under this title substantially exceeds the

1 number of such referrals for such services to a
2 similar hospital with a physician ownership per-
3 centage less than 40 percent.”.

Page 67, strike lines 11 through 15.